



*Quality is Our Bottom Line*

**Insurance Committee Public Hearing**

**Tuesday, March 18, 2014**

**Connecticut Association of Health Plans**

**Testimony in Opposition to**

**SB 479 AAC THE AUTHORITY AND DUTIES OF THE CONNECTICUT HEALTH  
INSURANCE EXCHANGE AND ESTABLISHING CERTAIN STANDARDS FOR  
CERTAIN STOP LOSS INSURANCE POLICIES.**

The Connecticut Association of Health Plans respectfully *opposes* passage of SB 479 AAC the Authority and Duties of the Connecticut Health Insurance Exchange & Establishing Certain Standards for Certain Stop Loss Insurance Policies. Our concern with SB 479 is two-fold.

First, Section 4 of the bill allows the Commissioner to “suspend, revoke or refuse to renew a carrier’s license” if such entity has failed to pay the Exchange assessment. This provision seems *overly punitive* particularly when compared to the penalty associated with non-payment of the Department of Insurance assessment (DOI). The current DOI assessment is \$28.5 million compared to the current Exchange fee which was just assessed at \$26 million. However, non-payment of the DOI assessment is only punishable by a \$25.00 fine plus 6% accrued interest on the penalty and assessment as follows in section 38a-48(h) of the General Statutes.

*38a-48(h) If any assessment is not paid when due, a penalty of twenty-five dollars shall be added thereto, and interest at the rate of six per cent per annum shall be paid thereafter on such assessment and penalty.*

With respect to our second concern, we question the additional imposition of state regulation on the private self-insured market. Several health carriers now offer products in the small-group market that have proven very popular in Connecticut and elsewhere and which provide for an administrative services option combined with stop-loss protection. If SB 479 were to pass, however, the overly strict requirements of the bill would undermine these innovative products to such an extent that they would cease to exist in the market which would in turn incent migration into the Exchange and minimize health insurance options in the state.

Equally troubling are elements of the actuarial certification and reporting provisions which we will be happy to provide detail on at a future date once we have the opportunity to gather additional information.

We'd also like to draw the Committee's attention to the DOI Bulletin HC-95, issued just yesterday, which appears to mirror the NAIC model and to conflict with the provisions included in SB 479. As such, we urge your rejection of SB 479.

Thank you for your consideration.